[10:02:51 AM] thera huang: We will start with TDFA about dairy sector

[10:03:04 AM] thera huang: then we will move to TWADA

[10:03:46 AM] Jun Virola: ok

[10:04:01 AM] Jun Virola: after your sharing we will give chance to the participants to ask questions

[10:04:46 AM] thera huang: For the diary sector, at the first, the milk producers were clutered by providing milk to certain big buyers. They were not doing marketing on its own.

[10:05:36 AM] thera huang: Now, due to the food safety crisis recently, the markets for the small farmers finally emerged.

[10:05:58 AM] thera huang: However, the infrastructure has to be there.

[10:06:53 AM] thera huang: And of course, the support form the consumers are needed

[10:08:01 AM] thera huang: For the other side of the coin is due to the safety concerns of the consumer. And the consumer preferences change.

[10:08:41 AM] thera huang: The infrasturcture include the cold chain delivery system is now widely available.

[10:09:49 AM] thera huang: Now for TDFA, the organization need to ride on the tide to also change they way provide services to their members.

[10:14:41 AM] thera huang: TDFA is not a stand alone organization. Examples include the banking services that the local Farmers Association (FA) provided conditioned that their products will go through FA for joint marketing. But since the availability of other chanells for marketing their product, their products do not go through FA anymore. Since the FA did not provide other options, it is not attractive for the dairy sector to provide milk to them.

[10:15:42 AM] thera huang: But the FA said that if they did not provide the milk they would not provide loan service.

[10:18:04 AM] thera huang: However, since the TDFA was able to link directly to other agricultural financial banks (The Farmer's Bank), so the FA's thread was not effective.

[10:19:39 AM] thera huang: Other example is about the animal feed. The dairy farming system is now very specialized. Farmers do not produce the feed for their cows anymore. Since it is quite convenient to import the feed from other countries.

[10:20:55 AM] thera huang: The local FA was not interested in the import feed business, so they lost the business opportunity of TDFA.

[10:24:43 AM] thera huang: With regard the marketing, the TDFA uses joint negotiation to decide the selling price to the companies. They started the practice since long ago. Before 2004, the government was served as the mediator (3-way meeting). But after entering into WTO, the government was not able to serve the mediator role anymore. Therefore, now it is TDFA serves the role in price negotiation.

[10:25:47 AM] thera huang: The new challenge is that TDFA need to collect the real retail price and use the information to negotiate with the companies.

[10:26:39 AM] thera huang: And also some dairy farmers ( around 5%) started to have their own brand, and able to sell at the retail price.

[10:27:38 AM] thera huang: The current demand for milk is very high.

[10:30:21 AM] thera huang: Some companies are trying to get more milk from the dairy farms by offering attractive side "benefit." For example to give loan to the dairy farmers without interest to secure their milk supply. The alternative for the dairy farmers to get loan was from the low interest loan is only 1.5% from the government; while for commercial banks the rate is 3~4%.

[10:30:59 AM] thera huang: Now we would turn to Mr. Tsai about TWADA.

[10:31:25 AM] thera huang: We will start with the organization issues.

[10:32:18 AM] thera huang: For TWADA''s experience. We need members that share the same position and passion.

[10:33:22 AM] thera huang: The formation of the organization for TWADA start with joint purchasing of inputs with very low price to help reducing the production cost for their members.

[10:33:48 AM] thera huang: That was the first step to attract the members.

[10:34:54 AM] thera huang: By reuced production costs, they were able to stabilize their product quality and quantity to form good starting point for marketing.

[10:35:37 AM] thera huang: TWADA now are provide muultiple channels for the marketing of waxapple.

[10:38:13 AM] thera huang: They now have export, home-delivery (internet and phone order), wholesle sale market through their cooperative marketing, and now they started the "fresh-cut" business.

[10:38:48 AM] thera huang: They also uses the service from the jobbers.

[10:38:58 AM] \*\*\* Call to thera huang \*\*\*

[10:39:42 AM] Jun Virola: I am trying to call you now

[10:39:48 AM] thera huang: I cannot hear you

[10:40:30 AM] Jun Virola: if we really cannot connect via audio, I will just read what you type

[10:40:31 AM] \*\*\* Call ended, duration 01:26 \*\*\*

[10:40:32 AM] Jun Virola: ok?

[10:40:39 AM] Jun Virola: you have 15 minutes for each presentation

[10:40:41 AM] thera huang: OK

[10:40:47 AM] Jun Virola: ok

[10:41:07 AM] thera huang: I think I am almost done with the sharing.

[10:41:24 AM] thera huang: We are happy to know the questions.

[10:41:34 AM] Jun Virola: we really cannot connect

[10:41:41 AM] Jun Virola: I will not read what you wrote

[10:41:52 AM] \*\*\* Call to thera huang, no answer.

Send video message \*\*\*

[10:42:23 AM] Jun Virola: I WILL NOW READ WHAT YOU WROTE

[10:42:30 AM] Jun Virola: PLEASE WAIT FOR ME TO FINISH AND ASK YOU THEIR QUESTIONS

[10:42:33 AM] Jun Virola: I START READING NOW

[10:42:49 AM] thera huang: OK.

[10:45:24 AM] thera huang: By they way, we are Mr. Daniel Huang from TDFA, Mr. Tsai from TWADA, Dr. Lorna (Wen-I) Chang and Dr. Wen-Chi Huang from NPUST. And of course Miss Ya-Huei Huang.

[10:50:26 AM] \*\*\* \*\*\*

[10:55:27 AM] \*\*\* \*\*\*

[10:57:23 AM] \*\*\* \*\*\*

[11:02:25 AM] Jun Virola: HIi Dr Lorna. I just finished reading your sharing from TDFA. W

[11:02:28 AM] \*\*\* \*\*\*

[11:02:35 AM] Jun Virola: WE ALSO saw your picture. the first one only.

[11:02:45 AM] Jun Virola: now the participants will ask their questions one by one

[11:02:59 AM] Jun Virola: please wait for me to type all the questions, then you can reply

[11:03:00 AM] Jun Virola: ok?

[11:03:33 AM] Jun Virola: FOOD SAFETY -

[11:04:01 AM] Jun Virola: First question: on food safety: How does TDFA address the issue of food safety of consuers?

[11:04:58 AM] Jun Virola: Second question: On funds - How can the companies afford to provide 0% interest for loans?

[11:06:49 AM] Jun Virola: Third question: Why does the association want the farmers to sell the milk to them instead of selling it directly to the companies?

[11:07:58 AM] Jun Virola: Fourth Question: Are the clusters of farmers at the local level members of TDFA?

[11:09:15 AM] Jun Virola: Fifth question: How does TDFA negotiate the price of milk with the companies? What is the basis of negotiation?

[11:20:53 AM] Jun Virola: ok these are the questions for TDFA

[11:20:59 AM] Jun Virola: there are no questions for TWADA

[11:21:05 AM] Jun Virola: it was very clear and very impresssive

[11:21:12 AM] Jun Virola: we will wait for your answers

[11:21:26 AM] Jun Virola: we will now to go japan presentation while waiting for your typed answers

[11:21:29 AM] Jun Virola: thanks dr lorna

[11:21:30 AM] Jun Virola: :)

[11:22:52 AM] thera huang: This is Wen-Chi.

[11:24:07 AM] Jun Virola: hi dr wenchi

[11:24:11 AM] Jun Virola: sorr

[11:24:15 AM] Jun Virola: that was you all along?

[11:26:54 AM] thera huang: First: the food safety issue that TDFA raised was not about the milk but actually the company that handled the milk was tarted becuase of company produced questionable edible oil; which made consumers refused to buy all products from that company.

[11:28:40 AM] thera huang: On the other hand, TDFA has alway been cautious about control the milk quality. And the tolerance level of dis-satisfactory products has been reduce over the years.

[11:36:12 AM] thera huang: Ans 2: The companyies are willling to offer 0% interest rate loan is because (1) they are competing for the milk as material for their products. Some companies not only offer 0% inerest rate by also offers 25% rewards (they only need to pay back 75% of the loan) but on condition that they need to go into contract with the company for a couple of years. (2) milk is very popular especially with the emerging hot drinks (coffee in convenience stores). It is sometimes especially in the summer very difficult to find milk in the supermarlet. The milk company usually offer a wide selection of other product lines in the supermarket, so the supermarket asked that the company has to supply sufficient milk if they want to sell other products in the supermarket. Other products are more profitable for the company but they need to supply milk in order to put their other products in the market.

[11:38:17 AM] thera huang: Ans 3: TDFA does not buy milk from the farmers. They help the dairy farmers to settle marketing problems, negotiate milk price, and contracts with the company.

[11:40:19 AM] thera huang: The problem with the company that had the tarted fame, they were not able to buy from dairy farmers, so TDFA has to help the farmers to leave the contractual relationship and move to other company.

[11:46:05 AM] thera huang: Ans 4: All of the diary farmers are the members of TDFA. TDFA is a one-layer organization. Their members are farmers. At the local level, in the beginning, the farmers were clustered to be the sattelite farm with certain companies with contractural relationship since dairy was not a traditional industry in Taiwan. But over the years, the mapping of companies and dairy farmers has been shifting.

[11:47:59 AM] thera huang: Ans 5: The animal husbandry law (national law) requires that the companies should go to the negotiation table with the diary farmers.

[11:49:27 AM] thera huang: So the law gaive the permission to form "milk price commmittee" to set the minimum price to buy the milk from dairy farmers.

[11:52:23 AM] thera huang: It is a protective mechanism. There are 5 dairy farms, 5 company representative and 5 experts (gov officier, extension division, prrofessors) to sit in the committee. The expert group offers information about market situation, international standards, consumer acceptability etc for informed negotiation on prices.